

April 2007

IMPACT OF VOLUNTARY TIME BASE/SALARY PLAN REDUCTIONS

Service Credit Accrual - Retirement

- 10 months of full time work = 1 year of service credit. This means that all full time, 12-month employees will earn their 1.0 year of service credit by April 30. Employees may never exceed 1.0 per year for service credit--they may miss up to 2 months within a fiscal year of employment and will still receive 1.0 service credit for that year.
- The base period for meeting this guideline is the fiscal year of July 1 through June 30. Reducing one's time base reduces the service credit earned. If you change your time base to .5 (12 month position) on July 1, you will earn .5 service credit per month for the next 12 months. This will earn you .6 service credit for the year ending June 30. If you change your time base on July 1 to .75 (12 month position), you will earn .75 service credit for the next 12 months and will earn .9 service credit by June 30.
- Although you receive less than 1.0 service credit if part time, your pay rate for computation of your final retirement income will be based on the full time pay rate, not what you actually earned. For example, a .5 time base earning \$1500 per month half time will accrue .6 service credit for a fiscal year but the pay rate for retirement credit will be reported at the full time rate of \$3000.

Time Base Change: Impact to Health Benefits; Leave Accruals

- Employees interested in reducing their time base by a certain number of hours (e.g., changing from full time to .75), will continue to maintain health benefits as long as their appointment does not go below half time (.5). Vacation and Sick Leave credits will be accrued in direct proportion to your time base. ***Note: If you choose to temporarily reduce your time base and intend to return to your original time base in the future, you must ensure with your department that budgeted funds will be available for your position.**
- If an employee chooses to take a 2-month unpaid leave of absence, then you may be ineligible for benefits during some of that time you are off pay status. For example: if an employee takes a 2 month unpaid leave effective July 1 through August 31, you will receive a paycheck for June which will pay for July health premiums, but since you will not receive a paycheck for July, will not receive benefits for August. If you return from leave on September 1, you are still ineligible for benefits in September, as you did not receive pay in August. We would place the employee on direct pay of premiums for August and September, which means you would be responsible for payment of the entire amount (employee and state's share). On October 1, you would return to regular benefit status meaning you would only be responsible for your share of the premium.

10/12 and 11/12 Pay Plans

- You continue to accrue 1 year of service credit in the 10/12 and 11/12 pay plans as long as you are full time. For those employees interested in changing to a 10/12 pay plan, you should start at the beginning of the new pay cycle (i.e., if you are off June 1 through July 31, then you will want to begin your new 10/12 cycle on August 1) or you will not have enough of your pay "banked" to receive pay and benefits during the designated time off.
- However, please note that the final compensation amount determined by CalPERS would reflect a lesser wage (10/12 vs. 12/12) as your monthly salary would be lower as it is spread over 12 months. NOTE: When retiring, an employee may ask CalPERS to compute final compensation on any 12 month period that may be the highest—not necessarily the most recent.
- When retiring it is important to pay close attention to the highest consecutive 12 months the employee wants CalPERS to use for determining final compensation on which retirement income will be based. If the highest 12 months is not the last 12 months there is a section on the first page of the application where an employee may indicate a consecutive 12-month period for CalPERS to use when determining final compensation.
- A 10 month temporary employee, if in PERS, will earn 1 year service credit for 10 months full time work. However, if retiring, the 10 month salary will be averaged over 12 months. Earning service credit is not different for a permanent or temporary employee. (Please see attached on salary information for 10/12 and 11/12 pay plans.)

SALARY INFORMATION FOR 10/12 OR 11/12 PAY PLANS

Converting present 12 month salary to **10/12** pay plan:

Example: Receives \$40,000 annually for 12 months

\$40,000 divided by 12 = \$3,333 monthly salary

\$3,333 times 10 months = \$33,333 (10 month annual salary)

\$33,333 divided by 12 = \$2,778 (new monthly salary for 10/12 pay plan)

(Note: Since you are off work status for 2 months each year, your annual salary is now \$33,333.30)

Converting to **11/12** pay plan:

Receives \$40,000 annually for 12 months

\$40,000 divided by 12 = \$3,333 monthly salary

\$3,333 times 11 months = \$36.663 (11 month annual salary)

\$36.663 divided by 12 = \$3,055 (new monthly salary for 11/12 pay plan)

(Note: Since you are off work status for 1 month, you annual salary is now \$36,663)

To see what your approximate net pay will be under these two plans, go to:

<http://www.sco.ca.gov/ppsd/empinfo/calc/paycalc.shtml>

This is an automatic pay calculator. Scroll down to the instructions before starting and follow the directions. For the CSU, the Collective Bargaining Unit is always "C". For accuracy begin by using the information on a current pay warrant stub to find the deductions for your check. If you have completed the pay calculator correctly, it should be the same or very close to the net pay figure. You may change the gross amount to any figure you choose, insert the deductions and you will receive an approximate amount that reflects your net earnings.

Note: This pay calculator will give you an **estimate** of a projected net pay amount. There is no guarantee that the net pay will be exactly as computed as deductions may change, e.g., union dues, new withholding tax rates, etc.